

Amendment to AB 52 proposed by the Division of Minerals

Explanation: The intent of the proposed amendment is to abandon the original concept of amending the geothermal development statutes in NRS 534A and instead propose stand-alone language governing regulation of wells for the exploration and development of dissolved mineral resources. This will provide separate and distinct authority over dissolved mineral exploration and production wells and avoid potential conflicts with regulation of geothermal resources. The amendment proposes to replace sections 1 through 11 of the bill with the following language.

Sec 1. Applicable Laws. The provisions of this chapter govern exploration for and development of dissolved mineral resources, including lithium. Ownership of dissolved mineral resources, including lithium, is determined by applicable federal and state laws.

Sec. 2. “Dissolved mineral resource” defined. As used in this chapter, unless the context otherwise requires, “dissolved mineral resource” shall include all dissolved or entrained minerals that may be obtained from the naturally occurring medium or brine in which it is found. Dissolved mineral resource does not include geothermal resources governed by [NRS chapter 534A](#).

Sec. 3. “Dissolved mineral resource exploration borehole” defined. “Dissolved mineral resource exploration borehole” means a penetration in the ground that is made to obtain chemical, geologic, geophysical or geotechnical information or for any purpose other than for use as a well.

Sec. 4. “Dissolved mineral resource exploration and production well” defined.

1. “Dissolved mineral resource exploration well” means a well drilled and used to determine whether dissolved mineral resources are present in concentrations and volumes sufficient to justify production.
2. “Dissolved mineral resource production well” means a well drilled used to produce dissolved mineral resources.

Sec. 5. A consumptive use of water from a dissolved mineral resource production well is subject to the appropriation procedures of [chapters 533](#) and [534 of NRS](#). The reasonable loss of water during testing and sampling of a dissolved mineral resource exploration well, subject to the terms of the permit issued by the Division of Minerals, may not exceed five acre-feet during the lifetime of the dissolved mineral resource exploration well.

Sec. 6. A permit issued pursuant to this Act for operation of a dissolved mineral resource well does not relieve the permittee from compliance with [NRS 445A.300](#) to [NRS 445A.730](#), inclusive, and regulations adopted pursuant thereto; or other applicable laws and regulations administered by the Division of Environmental Protection.

Sec. 7. A person may not drill or operate a dissolved mineral resource exploration or production well without obtaining a permit from the Administrator of the Division of Minerals of the Commission on Mineral Resources and complying with the conditions of the permit. An application must set forth such information as the Administrator requires by regulation.

Sec. 8.

1. The Administrator of the Division of Minerals shall approve or reject the application to drill or operate a dissolved mineral resource exploration well within 30 days after the Administrator receives it in proper form. The permit to drill a dissolved mineral resource exploration well must not be effective for more than 2 years, but may be extended by the Administrator.

2. Upon receipt of an application for a permit to drill or operate a dissolved mineral resource production well, the Administrator of the Division of Minerals shall transmit copies of the application to the State Engineer and the Administrator of the Division of Environmental Protection. After consultation with the State Engineer and the Administrator of the Division of Environmental Protection, the Administrator of the Division of Minerals may issue a permit to drill or operate a dissolved mineral resource production well if it is determined that issuance of a permit is consistent with:
 - a. The policies specified in [NRS 445A.305](#) ; and
 - b. The purposes of [chapters 533](#) and [534 of NRS](#).
3. The Administrator of the Division of Minerals shall approve or reject the application to drill or operate a dissolved mineral resource production well within 90 days after the Administrator receives it in proper form, unless it is determined that a conflict exists pursuant to subsection 2, or a public hearing is necessary pursuant to subsection 4. Notice of the conflict or need for a public hearing must be provided to the applicant within the 90-day period.
4. The Administrator of the Division of Minerals may hold public hearings to gather such evidence or information as deemed necessary for a full understanding of all the rights involved and to properly guard the public interest.
 - a. A permit issued pursuant to this section must include any conditions deemed necessary by the Administrator of the Division of Minerals to carry out the purposes of this section.

Sec. 9. A dissolved mineral exploration borehole, exploration well or production well must be drilled by a person licensed to drill water wells in Nevada pursuant to [NRS 534.140](#).

Sec. 10.

1. The Commission on Mineral Resources shall impose by regulation, and collect fees for examining and filing an application for a permit to drill or operate a dissolved mineral resource exploration well or production well. The fee must be deposited with the State Treasurer, for credit to the Account for the Division of Minerals created in the State General Fund pursuant to [NRS 513.103](#).
2. The Commission and the Division of Minerals may use the money deposited in the Account for the Division of Minerals pursuant to this section to administer the provisions of this chapter.

Sec. 11. The Commission on Mineral Resources shall, in coordination with the Division of Water Resources and the Division of Environmental Protection of the State Department of Conservation and Natural Resources, adopt regulations to carry out a program for regulating the drilling and operation of exploration boreholes, exploration wells and production wells for dissolved mineral resources, including notice to the public.

Sec. 12. Penalties.

1. Any person who willfully violates any provision of this chapter, or any regulation or order of the Division is subject to a penalty of not more than \$1,000 for each act of violation and for each day that the violation continues.
2. The penalties provided in this section are recoverable by suit filed by the Attorney General in the name and on behalf of the Division in the district court of the county in which the violation occurred.